

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 ISO-00 SSO-00

NSCE-00 USIE-00 INRE-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FPC-01 H-03 INR-11 INT-08

L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04 PRS-01

IO-14 /227 R

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NEA- MR. ATHERTON

TREASURY - MR. COOPER (SUBS)

S/S - SEFRY

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O R 181957Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT IMMEDIATE

AMEMBASSY JIDDA IMMEDIATE

INFO AMEMBASSY BEIRUT

AMEMBASSY CAIRO

USINT ALGIERS

AMEMBASSY TRIPOLI

AMEMBASSY ABU DHABI

AMEMBASSY TEHRAN

AMEMBASSY JAKARTA

AMEMBASSY CARACAS

AMEMBASSY QUITO

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

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AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY LONDON
AMEMBASSY DUBLIN
USMISSION EC BRUSSELS
AMEMBASSY TOKYO
AMEMBASSY LAGOS

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FOR TREASURY SECRETARY SIMON

E.O. 11652: N/A

TAGS: ENRG

SUBJECT: DEPARTMENT STATEMENT ON KUWAIT BUYBACK PRICES

KUWAIT PASS DOHA; BEIRUT PASS BAGHDAD

1. FINANCIAL TIMES HAS PICKED UP REPORTS OF BUYBACK OIL TERMS AGREED TO BY GULF AND BP IN THEIR NEGOTIATIONS WITH KUWAITIS AND WE EXPECT QUESTION WILL BE RAISED. THERE FOLLOWS FULL TEXT OF STATEMENT WHICH DEPARTMENT SPOKESMAN HAS MADE IN RESPONSE TO QUESTION AT NOON PRESS BRIEFING: QTE THE DEPARTMENT HAS BEEN INFORMED THAT THE KUWAIT OIL COMPANY (KOC) WHICH IS NOW 20 PERCENT OWNED BY THE GULF OIL CORPORATION, HAS REACHED AN AGREEMENT WITH THE KUWAITI AUTHORITIES ON THE PRICE IT WILL PAY FOR OIL WHICH IT BUYS BACK FROM THE GOVERNMENT OF KUWAIT. THE PRICE TO BE PAID RETROACTIVELY FOR SHIPMENTS MADE DURING THE FIRST 5 MONTHS OF THIS YEAR HAS BEEN AGREED UPON AT SLIGHTLY ABOVE 93 PERCENT OF THE POSTED PRICES FOR THE PERIOD JUNE-SEPTEMBER OF THIS YEAR THE BUYBACK PRICE WILL RISE SOMEWHAT HIGHER.

THESE VERY HIGH BUYBACK PRICES EXCEED ANY OTHER BUYBACK PRICES AS YET REACHED. WE REGRET VERY MUCH THIS DEVELOPMENT WHICH RUNS COUNTER TO CURRENT TRENDS IN THE WORLD OIL LIMITED OFFICIAL USE

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MARKET. PRICE LEVELS FOR PETROLEUM PRODUCTS AND BIDS FOR AUCTION OIL HAVE BEEN DECLINING. EFFORT TO SUSTAIN THE PRESENT PRICE LEVEL OR TO INCREASE IT CAN ONLY WORSEN THE PROBLEMS NOW FACED BY THE WORLD ECONOMY AS A RESULT OF THE MASSIVE AND ABRUPT OIL PRICE INCREASES OVER THE PAST YEAR. UNQTE.

2. FOR KUWAIT: GULF INFORMED OF FOREGOING. YOU SHOULD

CONVEY TEXT OF OUR INTENDED RESPONSE TO GOK, INDICATING
THAT STORY OF GULF SETTLEMENT IS ALREADY OUT AND THAT WE
WILL HAVE TO RESPOND TO ANY QUESTIONS IF THEY ARE RAISED.
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TAGS: ENRG, KU, BP, GULF
To: KUWAIT JIDDA
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